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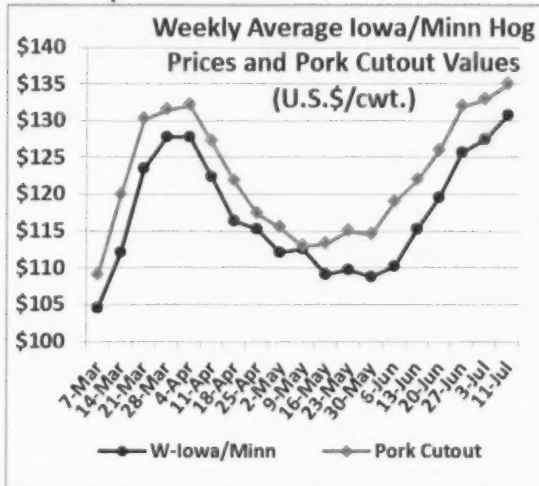
## Weekly Hog Report

July 14, 2014

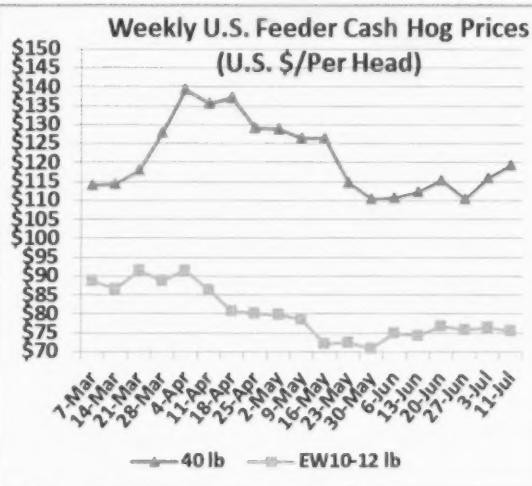
***The Weekly Hog Report will take a summer break!***  
***The regular Weekly Hog Report will resume on August 11, 2014.***

### Cash Feeder Hog Prices

Last week North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed. Weighted average cash prices for iso-weans (12lb) were US\$75.55 per head, down US\$1.05 per head from US\$76.60 per head the previous week. Feeders (40lb) were US\$119.13 per head, up US\$3.30 per head from US\$115.83 per head the previous week.



Source: LMIC



Source: LMIC

### Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) established new all-time high record prices last week and ended the week higher, week-over-week. Hog prices on Friday averaged US\$131.28 per cwt, up US\$3.88 per cwt or 3.0 per cent from US\$127.40 per cwt the previous Thursday. The negotiated base price for the week averaged US\$130.76 per cwt, up US\$3.39 per cwt or 2.7 per cent from US\$127.37 per cwt the previous week. Newly established all-time high record pork cutout values over the week helped push hog prices higher.

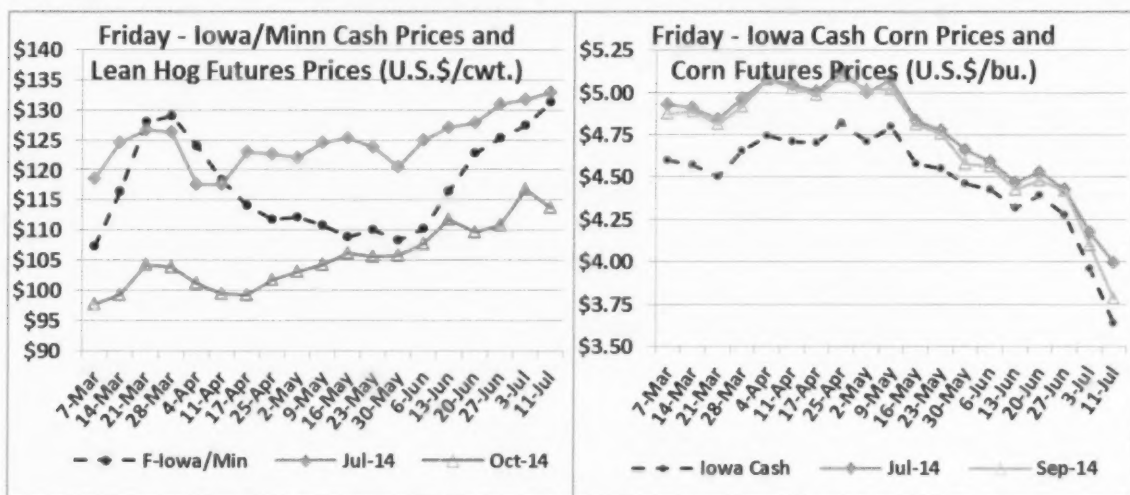
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday July 11, 2014 was \$253.36 per ckg, up \$5.28 per ckg or 2.1 per cent from \$248.08 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged \$255.02 per ckg, up \$8.50 per ckg or 3.4 per cent from the previous weeks' average price of \$246.52 per ckg.

The Canadian dollar edged lower last week closing the week Friday at 93.16 cents, down 0.68 cents from the previous Friday's close of 93.84 cents.

### Futures Markets

Lean hog futures prices were mixed last week with the nearby July contract up US\$1.075 per cwt to settle Friday at US\$132.800 per cwt while the August and October contracts declined US\$2.925 per cwt and US\$2.950 per cwt to settle Friday at US\$128.675 per cwt for August and US\$113.800 per cwt for October. The Friday Iowa/Minn average daily cash price was US\$131.280 per cwt, US\$1.520 per cwt lower than the July's lean hog futures price.

Agriculture commodity markets were overall lower from the previous week. There was a large pullback in the feeder and live cattle futures markets, after the previous week run up in record high prices. Nearby corn, wheat and soybean futures were all lower last week.



Source: CME

Source: CME

Iowa cash corn prices and the nearby corn futures were noticeably lower last week. Iowa cash price on Friday was US\$3.64 per bushel, down 32 cents from US\$3.96 per bushel the previous Thursday. The July corn futures contract was down over 17 cents to settle Friday at US\$3.99¾ per bushel while the September contract was down over 31 cents to settle Friday at \$3.78¼ per bushel.

### Hogs Slaughtered

U.S. hogs slaughtered under federal inspection last week ending July 12 were estimated at 1.859 million head, up 14.3 per cent from 1.627 million head the previous shorter holiday week, but down 9.0 per cent from 2.042 million head from the same week a year ago. U.S. hogs slaughtered over the last four weeks ending July 12 averaged 1.820 million head, down 6.9 per cent from 1.956 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the shorter holiday week ending July 5, 2014 were estimated at 338,521 head, down 6.8 per cent from 363,204 head the previous week, and down 1.6 per cent from 344,158 head the same week a year

ago. Canadian hogs slaughtered over the last four weeks ending July 5 were estimated to average 369,943 head, up slightly from 369,344 head over the same period a year ago.

### Meat Production

U.S. pork production for week ending July 12 was estimated at 398.3 million lb., up 13.9 per cent from 349.6 million lb. the previous shorter holiday week, but down 4.2 per cent from 415.8 million lb. the same week a year ago. U.S. pork production over the last eight weeks ending July 12 averaged 398.7 lb., up 2.3 per cent from 389.8 lb. over the same eight weeks a year ago. Dressed hog weights were about 10 lb. or 4.9 per cent heavier compared to the same week a year ago, but down about 1 lb. from the previous week.

U.S. beef production for the week ending July 12 was estimated at 459.0 million lb., up 17.6 per cent from 390.2 million lb. the previous shorter holiday week, but down 9.5 per cent from 507.4 million lb. over the same week a year ago.

Combined production of U.S. pork, beef, chicken and turkey over the four weeks ending July 5, 2014, was estimated at 1.913 billion lb., down 3.1 per cent from 1.854 billion lb. over the same four weeks a year ago, and down 1.9 per cent year-to-date.

### United States Weekly Meat Production

| (July 5) Four Week Average - Million Lb. |                |                | Percent Change |              |
|------------------------------------------|----------------|----------------|----------------|--------------|
|                                          | 2013           | 2014           | 4wk. 2014      | YTD 2014     |
| Pork                                     | 394.6          | 394.2          | -0.1%          | 0.1%         |
| Beef                                     | 498.4          | 461.8          | -7.3%          | -5.0%        |
| Chicken                                  | 887.8          | 870.3          | -2.0%          | -0.7%        |
| Turkey                                   | 132.5          | 127.4          | -3.8%          | -4.9%        |
| <b>Total</b>                             | <b>1,913.3</b> | <b>1,853.8</b> | <b>-3.1%</b>   | <b>-1.9%</b> |

Source: LMIC

### Cutout Values

The U.S. pork cutout values for the week ending July 12, 2014 averaged US\$134.86 per cwt, up US\$1.98 per cwt or 1.5 per cent from US\$132.88 per cwt from the previous week, and up 30.7 per cent from US\$103.16 per cwt the same week a year ago. Pork cutout values again established new all-time high record prices last week.

Average beef cutout values (Choice 600-900 lb.) for the week ending July 12 averaged US\$250.54 per cwt, up US\$2.74 per cwt or 1.1 per cent from US\$247.80 per cwt from the previous week, and up 29.6 per cent from US\$193.30 per cwt the same week a year ago. Beef cutout values also established new all-time high record prices last week.

### United States Pork Exports

United States exported 188,030 metric tons of pork plus pork variety meats in May 2014, down 2.5 per cent from 192,924 metric tons in April 2014, but up 4.1 per cent from 180,637 metric tons in May 2013. By dollar amount, U.S. pork exports in May 2014 were US\$599.6 million, up 0.5 per cent from US\$596.4 million in April 2014, and up 18.6 per cent from US\$505.4 million in May 2013. Higher pork values kept sales by dollar value close to April levels but significantly increased them compared to May 2013 levels.

### **USDA World Agricultural Supply and Demand Estimates (WASDE)**

On July 11 the USDA released the July World Agricultural Supply and Demand Estimates (WASDE). While United States estimates for corn production in July was lower than in June, lower beginning supplies and less domestic corn usage have increased overall projected ending corn stocks to 1.8 billion bushels, up 4.3 per cent from the June estimates. The U.S. average farm price estimate for corn was reduced 20 cents to a price range of US\$3.65 to US\$4.35 per bushel. Projected world ending corn stocks were increased 3.0 per cent from the June estimates to 188.05 million metric tons.

U.S. planted soybean acres were increased 3.3 million acres to 84.8 million acres from June to July increasing soybean production 4.5 per cent to 3.8 billion bushels. Higher estimated usage and exports will limit the ending stock increase to 415 million bushels. Average farm price estimates were reduced 25 cents to range from US\$9.50 to US\$11.50 per bushel. World ending soybean stocks were projected to increase 2.9 per cent to 85.31 million metric tons from the June estimates, with increased global production.

U.S. wheat acres and yield were increased from June to July increasing overall wheat production 2.6 per cent to 1.992 billion bushels. Lower projected U.S. wheat usage helped increase projected ending wheat stocks 15 per cent to 660 million bushels. Average farm price estimates were reduced to range from US\$6.00 to US\$7.20 per bushel for the year. World ending wheat stocks were estimated to increase 0.5 per cent in the July estimates, with the ending wheat stocks at 189.54 million metric tons.

The July USDA WASDE report estimated that United States Red Meat and Poultry production for 2014 will be 91.717 billion lb., a slight increase from the June estimates, but a 1.3 per cent decline from 2013 production. Pork production estimates for 2014 were reduced 0.3 per cent from the June estimates and are now estimated to be 1.8 per cent below the 2013 production numbers due to the Porcine Epidemic Diarrhea virus in the United States. While 2014 U.S. beef production was revised 0.5 per cent higher from the June estimates, beef production in 2014 will be down the most from 2013, compared to the other meats. United States meat production for 2014 is projected to decrease for pork (-1.8%), turkeys (-0.2%), and beef (-4.6%), but increase for broilers (+1.1%), from 2013 production.

#### **USDA July World Agricultural Supply and Demand Estimates**

|        |            | Million Pounds |        |         |        | Total Red Meat<br>& Poultry |
|--------|------------|----------------|--------|---------|--------|-----------------------------|
|        | Quarter    | Beef           | Pork   | Broiler | Turkey |                             |
| 2013   | Annual     | 25,791         | 23,200 | 37,425  | 5,729  | 92,947                      |
| 2014   | June Proj. | 24,479         | 22,833 | 37,824  | 5,707  | 91,635                      |
| 2014   | July Proj. | 24,609         | 22,773 | 37,824  | 5,717  | 91,717                      |
| % Chg. | June-July  | 0.53%          | -0.26% | 0.00%   | 0.18%  | 0.09%                       |
| % Chg. | 2013-14    | -4.58%         | -1.84% | 1.07%   | -0.21% | -1.32%                      |

Source: USDA July WASDE Report, July 11, 2014

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